

Chief, Economic Research Area

3 September 1958

THRU : Chief, Services Division

Chief, Trade Branch

Gaps in Information on Bloc Economic and Military Assistance
Programs in Egypt

BLOC ECONOMIC ASSISTANCE

Background

Since 1955 Egypt has been a primary target of the Sino-Soviet Bloc economic offensive. Commercial relations were strengthened with Bloc offers to purchase Egypt's cotton surplus at a time Egypt was experiencing marketing difficulties in the West. Egypt's clamor for arms resulted in the Soviet-Egyptian arms agreement of September 1955. Conclusion of this agreement was facilitated by Soviet willingness to accept cotton in repayment for arms. Egypt's urgent needs for economic development have also encouraged other Bloc overtures. The Bloc has now provided Egypt with about \$250 million in economic credits. This economic aid will finance about one-half of the foreign exchange costs of Egypt's 5-year industrialization program. Bloc economic assistance will bolster several important sectors of the Egyptian economy, notably in the mining, petroleum and metallurgical industries. Bloc assistance will be employed not only in the establishment of new industrial plants but also in the expansion of existing industrial facilities.

Requirements

A. Bloc Economic Assistance

1. What specific projects has the Soviet Union contracted to undertake under the \$175 million credit? What are they? What are the terms of the contracts?
2. How have prices of Soviet equipment been determined? Are they comparable to world-market prices? Are construction equipment and/or materials being obtained abroad for use in Soviet projects? If so, from which countries are they acquired?

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3. How much of the Soviet credit has been drawn? What financial technical arrangements have been made in order to keep a record of the utilization and repayment of the credit? How do these arrangements work? When does repayment begin and what is the length of the repayment period?
4. To what extent are the European Satellites participating in projects which have been included under the Soviet credit? For specific projects what is the breakdown for the Satellites' share? Have any contracts been signed? How will the financial arrangements work in such instances?
5. Has any Egyptian cotton originally consigned to a Bloc country been resold in Western Europe or in the Far East? Give details of such transactions.

B. Bloc Technicians

1. How many Soviet technicians are being utilized in Egypt? In what capacities are Soviet technicians being employed? Are there any restrictions on the use of Soviet technicians?
2. To what extent are Soviet specialists being utilized in exploration work, particularly in the petroleum industry? Are there any high-level Soviet advisers attached to the Egyptian Ministry of Industry to assist in preparation of Egypt's Five-Year Economic Development Plan?
3. What is the cost of the technicians now in Egypt? Are the costs of technicians included in the terms of the contracts for specific projects? How are they to be paid?

BLOC MILITARY ASSISTANCE

Background

Since September 1955, Egypt has concluded arms agreements with the Bloc estimated to be as much as \$400 million. Approximately \$250 million of the total was signed with Czechoslovakia during the period, September 1955 through April 1956. There are no reports of any agreements signed in 1957 but Egypt received a number of aircraft and other major items from the USSR, indicating the existence of some sort of an agreement. In early 1958, Egypt apparently signed an agreement with the USSR of about \$100 million.

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Requirements

A. Value of Agreements

1. What are the values of each (or any) of the arms agreements signed with the Bloc?
2. What are the payment terms? Were any down payments required? What is the length of the repayment period? What is the means of repayment—commodities or currency? How is the means of repayment to be determined?
3. How much of the principal value of credit agreements has already been paid? Give details.

B. Egyptians Training in the Bloc

1. How many Egyptians have undergone military training in the Bloc? How many are currently undergoing such training?
2. In which Bloc countries were/are they (being) trained?
3. What types of training was/is provided?
4. What is the cost of training an Egyptian in the Bloc? Specify type of training involved.
5. Are these costs included in the arms agreements or are they additional?

C. Bloc Military Technicians in Egypt

1. How many Bloc military technicians have been utilized in Egypt?
2. What countries were they from and what were their specializations or backgrounds?
3. To what extent have the Egyptian T/O's and T/E's been reorganized to conform with Bloc military organization?
4. What is the cost of the service of Bloc military technicians in Egypt?
5. Are these costs included in the arms agreements or are they additional?

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D. Military Installations in Egypt

1. What military installations have the Egyptians constructed or modernized with Bloc assistance?
2. Are the costs of these installations included in the arms agreements? If not, how are they financed? Give details.

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